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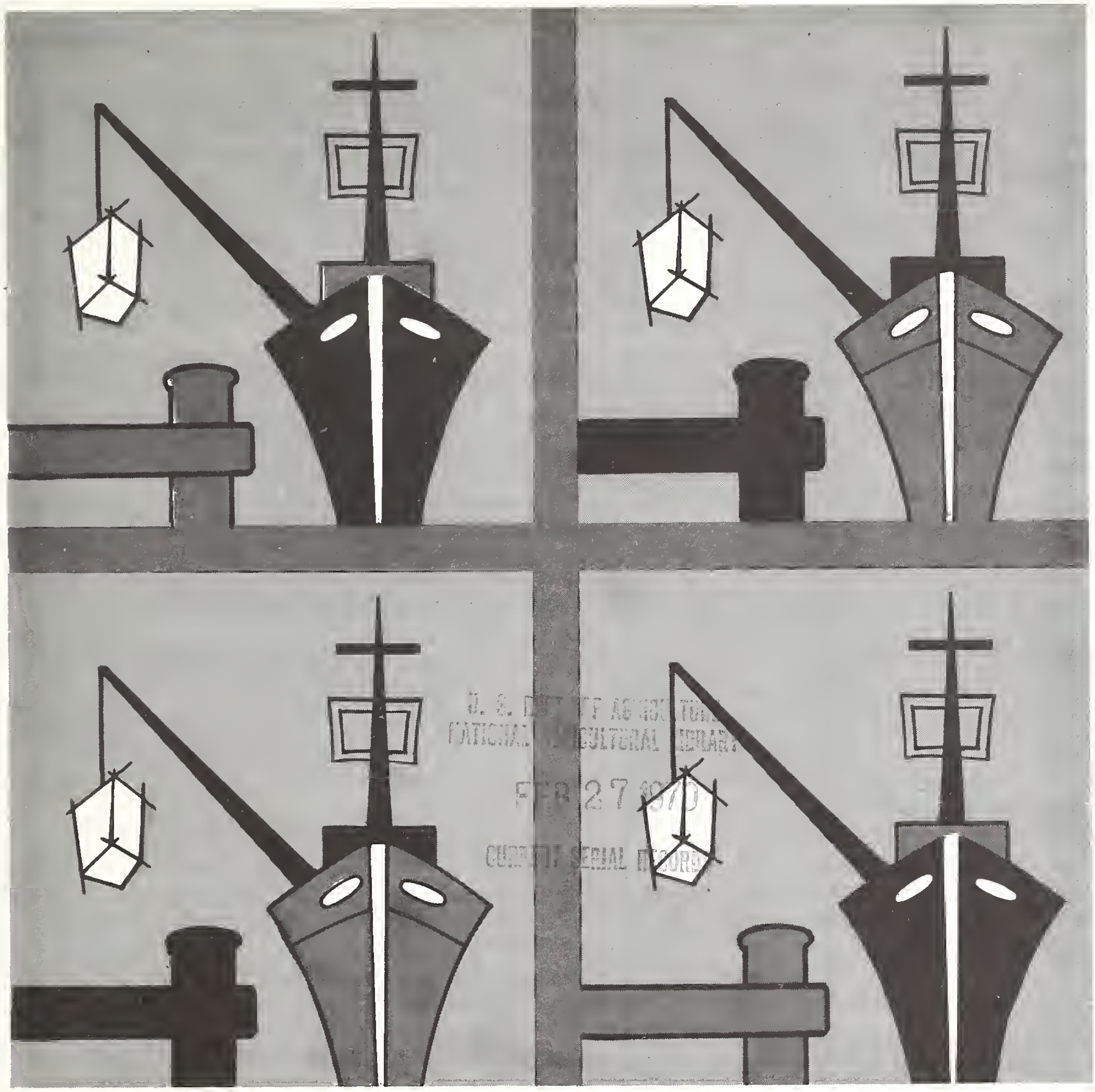

Changes Shaping World Trade

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Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

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This week's cover:

The road to a freer trade is affected by changes in international trade policy. Assistant Secretary Palmby discusses some of the changes which have influenced world trade in feedgrains and other commodities in article beginning this page.

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Assistant Secretary Palmby views—

Changes Shapin

The article below is excerpted from remarks by Assistant Secretary of Agriculture Clarence D. Palmby at the 24th Annual Corn and Sorghum Research Conference of the American Seed Trade Association last December in Chicago, Illinois. Mr. Palmby first praised the role the American seed trade has played in the spectacular efficiency of the U.S. corn and sorghum industries. He said that overseas outlets for these industries should be regarded as being as important as domestic outlets.

The world agricultural community is standing at a point of decision in terms of its future development.

The decision is this: We have the opportunity—our nation and others—to move rather rapidly now to a commercial world agriculture.

Parts of the world are now emerging from a subsistence economy. Other areas have the opportunity to move away from an agriculture administered by government. Modern industrial complexes are offering job opportunities to more people.

The opportunity is present to develop a world agricultural economy based on economic comparative advantage. This would imply less government interference in trade and in pricing. It would mean a truly international trading economy that could do a great deal for the growth of national economies around the world.

On the other hand, the world may miss this golden opportunity. It may move further into protectionism, and this would be a disaster.

The administration is dedicated to a freer trade concept—based on economic comparative advantage. We are pursuing this objective in a number of ways, and it is certainly true that a variety of approaches is needed—by the United States and by other countries.

For example, the United States supports the Organization for Economic Cooperation and Development (OECD) headquartered in Paris, France, and the General Agreement on Tariffs and Trade (GATT) officed in Geneva, Switzerland. This is good. But supporting or belonging to international forums does not in itself contribute to a lessening of trade problems and impediments.

New initiatives are needed

We need a constructive examination of internal agriculture policies within industrially developed countries—with a goal of improving and increasing the international climate for trade. We need a full appreciation of the fact that *trade* is *trade,* whether we are talking about agricultural commodities or industrial products. They go hand in hand.

We are eager, therefore, to discuss trade problems in international forums—or, in some instances, bilaterally.

The fact is that there is increasing government interference in agriculture and trade, around the world. There is more involvement by governments in the pricing of exports. There is a growing tendency to set prices on the basis of destination

—which means that there may be little relation between the export price, the domestic price, and the cost of production.

In the short run at least, this will continue. At the same time, we are not reconciled to it. We will continue to do everything we can to persuade other trading nations to liberalize and rationalize their trade policies. Meanwhile, we hope to administer our own domestic policies in such a way as to permit our farm products to compete in the world.

European market developments

Because of our historic involvement in the European market, we have been watching with acute interest the possibility that the United Kingdom and other members of the so-called Outer Seven—the European Free Trade Area—may be admitted to the Common Market. The outcome of these negotiations could be critical to our trade with those nations.

If those countries do enter the Community, the terms of their admission will of course be crucial as far as we are concerned. If the Community is expanded to a dozen or more members, will this mean that present restrictive agricultural policies will be extended to these additional areas? Or will it mean that the broadening of membership will cause the Community's trading policies to be tempered or even recast?

These are timely questions. They are critical questions as far as we are concerned. They are the reasons we are watching with such intense interest the negotiations between the European Community and its possible new members.

Our European friends have often said that we should not be concerned about our corn and sorghum exports. They point out that their imports of U.S. feedgrains and soybeans have trended upward quite rapidly during the 1960's. Even since the "harmonization" of EC grain policies in the middle 60's, imports of these commodities from the United States have increased. Therefore, they say, we in the United States have nothing to worry about.

The rightful answer is that our grain and soybean exports to Europe should expand, and any time they do not expand we should be concerned. We have a true economic comparative advantage in producing soybeans, corn, and milo. In order for the United States to continue to increase our overall trade with Europe, Japan, and other countries we must continue to expand our sales of those commodities in which we do enjoy a comparative advantage. Otherwise they cannot expect to expand or even to maintain their sales of industrial items to the United States.

Protectionist reaction

The European Community has made heavy sales of feed wheat to central European countries at prices that have no relation to world corn prices. Also, the EC has been feeding wheat at record levels internally. Couple these facts, and they add up to a matter of considerable concern to farm and trade interests in this country.

There is a growing body of thought among U.S. opinion makers that we should definitely expect a growth in our exports of corn and soybeans. This means that European actions to produce and use more of their grain for feed, with the announced goal of lessening the need for U.S. corn, would be looked upon unfavorably by many Americans. Such actions, without downward price adjustments in Europe, would likely lead to a demand for import restrictions on many items imported into the United States.

The mood here, as I read it, is that growth in the market for industrial items imported into this country simply cannot continue unless normal growth is allowed for our export products to Europe, Japan, and other industrially developed countries. This feeling seems to be growing. It seems sad that trends abroad should encourage this type of protectionist reaction in a nation that has traditionally supported a liberal trade policy.

Recent feedgrain exports

To summarize the situation, our exports of corn and sorghums in the past marketing year (which ended September 30) were disappointing. U.S. corn exports were off about 15 percent and sorghum exports were off 36 percent. But exports in the current marketing year are brighter, particularly for corn.

A major problem has been, of course, the large increase in world stocks of wheat available for export. The demand for milling wheat from the world market declined. As a result of these pressures, there has been a deterioration in world wheat prices. There has been increased feeding of wheat—not only in the EC as already mentioned but in Spain and the United Kingdom as well.

Even in the United States, use of wheat for feed is growing. In 1966 and 1967, we were feeding less than 100 million bushels of wheat a year. In the current marketing year, we will feed an estimated 225 million bushels.

Looking ahead

Export prospects in the new marketing year seem considerably brighter for corn. We are not likely to increase exports of sorghum, but the opportunity for future growth in sorghum exports is certainly great. Realization of this opportunity depends primarily on our product's being available the year round at prices that are acceptable in relation to corn or grain from other countries.

In the current marketing year, world trade in feedgrains should run somewhat above last year. Meanwhile, the present corn loan level in the United States is allowing corn to move into use at unprecedented levels. And supplies are shorter than usual in Argentina and South Africa, the other principal exporting countries.

The upshot is that corn exports in 1969-70 will be an estimated 600 million bushels or more.

Japan continues to be a major factor in the U.S. outlook. Import demand for feedgrains in that country will expand

this marketing year, as it has in recent years. Japanese imports of grain for feed from all sources are expected to increase at the rate of 25 million to 30 million bushels per year.

Corn quality problems

There is a close relation between our market development efforts and the condition of the commodity we export. Much has been said in recent years about the condition of U.S. corn arrivals in Great Britain and other importing countries. Consistent with this problem, let me quote a few lines to you from a U.S. Department of Agriculture report:

"For several years an increasingly large number of more or less forcible and persistent representations were made to the Secretary of Agriculture and other officers of the Federal Government, to the effect that much of the grain, and especially the corn, that was being exported from the United States was not being delivered abroad in a satisfactory condition, that it was not of the quality represented by the inspection certificates accompanying the shipments, and that material injury was in consequence being done to the export grain trade of the United States."

When do you think that report was submitted? In 1969? In 1968? The paragraph I just read is from a USDA circular entitled "American Export Corn (Maize) in Europe" and dated February 8, 1910.

The report also included the following paragraph:

"Several shipments or parcels, amounting in all to 79,847 bushels of badly discolored heat-damaged corn, sometimes known as 'mahogany,' which had been artificially dried before shipping, were also examined in Europe. These shipments bore certificates as 'rejected corn,' 'dried' . . . . The moisture content of this corn varied from 13.2 to 17.4 percent. Such corn is used almost entirely for distilling purposes on the continent of Europe."

Finally, under "Observations and Recommendations:"

"There are two means by which the moisture content in any part or the whole of a ship's corn cargo may be increased during transit: (1) The transfer of moisture by air currents caused by changes in temperature; and (2) by chemical changes within the corn kernel."

What all this proves is that, although things change, they sometimes remain the same. It is apparent that, despite all our progress in shipping and handling, we still have problems in corn quality—after 60 years!

I think it is fair to say that these problems, if and as they exist, are caused more often than not by our rapidly changing technology. I am thinking particularly of the great increase in the amount of field shelling and kiln drying.

It is quite evident that we cannot ship to other countries corn that has higher quality than it possessed at the time it was sold by the farmer to the first receiver. Of necessity, following receipt of corn after the first exchange of hands, the need for blending may result in the incorporation of wider ranges of moisture levels than may be desirable. This may add to our problem.

Another problem in recent years has been that the competition for maximum yields sometimes leads to high levels of moisture in corn in normal harvesting periods. To the extent that varieties may lead to poor quality under farm conditions, the seed trade shares a responsibility.

There does seem to be some progress in developing corn for good handling qualities as well as for good yields and feeding quality. There may be promise in some of this work.

The problem for the United States in supplying corn of almost any quality and condition is a most difficult one. It is difficult because the price for corn traded in the entire world market is established at Chicago. Other suppliers price their corn in relation to U.S. prices. Need I say more?

Export maturity

World trade policy and the domestic agricultural policies of various countries are at a critical point in their history. The world's nations could go either way—toward more protectionism or to more liberalism in their trade policies. This is a key question, not only in terms of world trade, but also in relation to future economic development of countries that need to trade in order to develop.

So we need all the help we can muster to move the world toward more liberal trade policies. Also, we need to gear our own agriculture—in production, marketing, pricing, and merchandising—to meet the requirements of the world market in the 1970's.

The United States is maturing as an export nation. But we will never be really mature as an exporter until we are able to look at overseas outlets as being as important to us as are the commercial poultry producer and the commercial corn processor in this country.

We have not yet attained that degree of sophistication.

New South Wales Rice Marketing

Australia's New South Wales Rice Marketing Board will be permitted to operate two marketing pools with variable rates to be paid for rice delivered into each pool, under legislation being prepared by the New South Wales Government.

Introduction of the legislation is the result of the rapid expansion in new rice-growing areas following increased water allocations—particularly in the Murray areas. This expansion has been eroding returns to traditional growers because a larger volume had to be sold on low-priced export markets. The New South Wales Rice Marketing Board asked in its submission to the State Government that the Marketing of Primary Products Act be amended to permit the Board to operate two pools each year, a lower paddy price to be paid for deliveries into a No. 2 Pool.

In the past, the lower returns from some export markets were spread over all growers; this was acceptable as long as expansion in acreage was also equally shared. Although the new legislation brings little change in the equalized distribution of domestic and export market returns at present, it is a safeguard for present growers in the light of anticipated expansion over the next few years.

Under the scheme, every grower will be allocated a base acreage; all rice grown on this may be delivered to the No. 1 Pool. Size of the No. 1 Pool will be governed by the quantity likely to be sold on the domestic and high-priced export markets; consequently, producers may expect relatively high and stable prices for this grain. Growers who are prepared to take some risk on their returns will be able to grow rice on additional areas, and this would be delivered into a No. 2 Pool to be sold after the No. 1 Pool has been cleared.

Based on dispatch from *Office of U.S. Agricultural Attaché, Canberra*

Financing Accord Opens Door for EC Expansion

By GRACE W. FINNE
Trade Policy Division, FAS

The European Community's Council of Ministers on December 22 finally agreed on a program for financing farm expenditures during the next decade. With this agreement, the Community ended its 12-year transition period and entered its "final" stage of development as prescribed by the Treaty of Rome. The basic financing decisions also help to pave the way for the United Kingdom's entry into the EC since France—at the December 2 summit meeting—made completion of the financing program a condition to its consent to opening negotiations with the United Kingdom.

The EC Commission will finance an increasing part of expenditures from agricultural levies, special taxes under CAP, and customs duties. These will be supplemented through 1974 by contributions from Member States. Beginning January 1, 1975, the Community will be completely self-financed, receiving also up to 1 percent of each member's income from the tax on value added. During 1971-74, the total share of each member's contribution may not vary more than 1 percent upward or 1.5 percent downward from its contribution the previous year, and in 1975-77, more than 2 percent in either direction.

The formula for financial-burden sharing as laid down in the December 22 agreement will have to be changed with any enlargement of the Community.

The financing agreement was accompanied by an agreement in principle to strengthen the budgetary powers of the European Parliament from 1975 onwards, when the Community budget will be financed without direct contributions from Member States.

Financing for 1970, 1971-74

During 1970, the Community's Agricultural Guidance and Guarantee Fund (FEOGA), which implements the Common Agricultural Policy (CAP), will be financed by agricultural levies and Member State contributions according to the following percentages: Germany, 31.7; France, 28.0; Italy, 21.5; the Netherlands, 10.35; Belgium, 8.25; and Luxembourg, 0.2.

During the period 1971-74, FEOGA will receive 100 percent of the agricultural levies, as well as special charges of the CAP, such as the sugar tax. Customs duties will progressively go to the Community as of January 1, 1971. The amount of the customs duties handed over to the Community each year will be equal to the difference between a so-called reference amount and the amount of agricultural levies paid. If this difference is negative, no customs duties will be paid by the Member State. However, the Community will not refund any levies paid in excess of the "reference" amount.

The "reference" amount will be calculated as follows:

- For 1971, 50 percent of the total amount of agricultural levies and customs duties received by each Member State at its border.
- For 1972, 62.5 percent of the levies and duties.
- For 1973, 75 percent.
- For 1974, 87.5 percent.
- For 1975, 100 percent.

The Community will refund 10 percent of the "reference" amount intake to members for coverage of administrative expenses.

The part of the budget not covered by levies, duties, and special charges under the CAP during 1971-74 will be apportioned among Community members according to percentages derived from the arithmetical average of (1) each Member State's share of the Community's gross national product and (2) the mean average of the budget scales of the Treaty of Rome. These percentages are as follows: Germany, 32.9; France, 32.6; Italy, 20.2; the Netherlands, 7.3; Belgium, 6.8; and Luxembourg, 0.2.

During this period the annual variation in any member's total share may not be more than 1 percent above or 1.5 percent below its total share the previous year. For 1971, the base will be the overall key for 1970, except that Germany's base share will be calculated at 31.5 percent instead of 31.7 percent.

After January 1, 1975

As of January 1, 1975, the Community will receive 100 percent of agricultural levies and special charges under CAP, 100 percent of customs tariffs, and up to 1 percent of the yield from the standard tax on value added. The Community will refund 10 percent to defray administrative expenses. From 1975 through 1977 the annual variation up or down in the total share of each member may not exceed 2 percent of the previous year's payment. If this provision should cause a budget deficit, this deficit will be divided among the other members according to their share of Community tax on value-added revenue, within the limitations of the 2-percent clause. If a budget surplus should accrue, the surplus is to be carried forward to the following year.

The percentage corrective will put upward and downward ceilings on each EC country's relative share of expenditures (see table on page 6). There is no ceiling or floor, however, on the absolute amount of expenditures. Using 1971 budget estimates in the table as an example, the 1-percent-upward rule would save Germany $49.5 million in 1971, while the 1.5-percent-downward rule would increase French payments by $22.8 million.

It is anticipated that Germany and possibly the Netherlands will be at the upper limit of their percentage overall contributions because of the relative importance of their intake from tariffs and levies, while France may be at the lower limit. The maximum percentage that Germany can contribute from all sources in 1971 through 1976 may be projected to increase as follows: 1971, 31.815 percent; 1972, 32.133 percent; 1973, 32.454 percent; 1974, 32.779 percent; 1975, 33.434 percent; and 1976, 34.103 percent.

The Guarantee Section

Of the total EC budget, the Guarantee Section of FEOGA accounts for the major part of expenditures. The EC Commission last November proposed some reductions in support prices and calculated the cost of the Guarantee Section on the basis of these lower prices in comparison with existing prices. The Commission's proposals would reduce the expenditures of the Guarantee Section from an estimated $2.6 billion in 1970 to $2.5 billion, with the main reduction in

the grain sector. Estimated expenditures for 1970 and 1971 are shown in the following table:

Item	With existing prices		With proposed prices	
	1970	1971	1970	1971
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*
Dairy	900	1,000	1,020	1,040
Grain	995	1,045	820	755
Sugar	220	220	170	170
Other	510	510	500	510
Total	2,615	2,775	2,510	2,475

The financing decisions hammered out in Brussels in December must be ratified by the parliaments of Member States before they can become effective. Various members have conditioned their ratification upon completion of other CAP measures; for example, completion of the tobacco CAP is a condition of Italian ratification. There is no doubt, however, that the financial agreement will be ratified.

Eventual role of European Parliament

Subject to a French reservation on procedures, the Council delegated certain budgetary powers to the European Parliament beginning January 1, 1975. The Parliament, by majority vote, may amend the budget draft of the Council, which is based on the preliminary draft of the EC Commission. (The budget draft is to contain estimates of expenditures and revenues and the rate of the tax on value added to be apportioned to the Community budget.) The Council, through qualified majority vote, may change the amendments of the Parliament. Finally, the Parliament, by a three-fifths majority, may amend the changes of the Council and subsequently adopt the budget. The Parliament will thus possess the final budgetary power.

MEMBER CONTRIBUTIONS TO A 1971 EC BUDGET OF $3.5 BILLION [1]

Member	Yield from levies and taxes under CAP	Yield from customs revenues	Reference amount (50% of Col. 1 & 2)	Direct contribution	Unadjusted total payment	Unadjusted total share
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Belgium	75	150	112.5	149	261.5	7.5
Germany	235	651	443	720	[2] 1,163	[2] 33.2
France	92	365	228.5	714	[3] 942.5	[3] 26.9
Italy	333	211	[4] 272 (333)	442	775	22.1
Netherlands	164	218	191	160	351	10.1
Luxembourg	1	5	3	4	7	0.2
Total EC	[5] 900	1,600	1,311	2,189	3,500	100

[1] Contributions and total budget are estimated. [2] The 1-percent correction rule will come into operation since Germany's maximum share in 1971 is 31.815 percent or $1,113.5 million, based on the assumed $3.5 billion 1971 budget. [3] Because of the 1½-percent-downward rule, France's share in 1971 could not go below 27.58 percent or $965.3 million, based on a budget estimate of $3.5 billion. This would imply a payment by France of $22.8 million above the unadjusted figure. [4] Italy will pay $333 million, which is the levy amount, since this figure exceeds the $272 million reference amount. [5] It is not clear whether the $900 million projected levy income is based on the assumption of a tax on oils and fats, which in the Commission estimate of July 1969 was expected to yield $350 million in 1971 to supplement the anticipated yield of $650 million from agricultural levies and the sugar tax. The fats and oils tax would impair U.S. GATT bindings on soybeans.

Basic figures are EC Commission estimates as published in *Europe Bulletin*, No. 476, Dec. 22, 1969, p. 5.

During 1971-75, the final budgetary decision will remain with the Council since an important part of Member States' contributions will be covered by direct payments. The power of the Parliament to make amendments, however, will be strengthened during the interim period. The European Parliament has 142 members, who are elected from the legislatures of the Member States.

However, at the EC Council of Ministers meeting in Brussels on January 19 and 20, France made strong objections to granting supranational budgetary powers to the European Parliament after 1975. The French opposition may thus jeopardize the "agreement in principle" on the budget powers of the European Parliament.

Financing decisions and Rome Treaty

Last December's budgetary decisions carry out the financial principles of the Rome Treaty, which laid down the financial framework for the Community. According to the Treaty, financial resources were to come initially from Member States' contributions according to agreed-upon keys; these contributions were to be replaced by other resources, in particular by revenue accruing from the common customs tariff. The correctives built into the new financing regulations insure that the relative share of each Member State moves within a defined range. The concept of sharing expenses based on agreed-upon keys is therefore continued through 1977. A revision of the system undoubtedly will take place to accommodate new members.

The financial agreement and the concomitant agreement on extension of the powers of the European Parliament constitute a definite step toward European economic and political integration. Since the financing agreement was a precondition to the opening of negotiations on expansion of the Community, a wider EC is a probability in the 1970's. Membership applications from the United Kingdom, Ireland, Denmark, and Norway are pending, and some form of association with several other European countries is a possibility.

The extension of the CAP to a Community of 10 would have major implications for U.S. trade policy. In addition, since the financing of the CAP has been laid out for a period of indefinite duration, the CAP now may be considered a permanent fixture influencing U.S. marketing prospects in Europe. As such, it presents a challenge to the U.S. policy of freer trade.

U.S., Soviet Agriculture Compared

More farmers sowed more cropland and generally got lower yields in the Soviet Union than in the United States during 1967, according to a recent USDA study.

The study compares the structures, resource allocations, and performances of agriculture in the two countries. It shows five times as many farm workers in the Soviet Union as in the United States. Soviet farmers sowed 511 million acres, compared to 310 million sown by their U.S. counterparts. For 13 out of 16 major crops, the Soviet yields were lower, the exceptions being cotton, sunflowerseed, and citrus.

Weather, mechanization, and fertilizer were significant in the different performances by the two countries.

For a copy of this study, request ERS-Foreign 286 from Division of Information, OMS, USDA, Washington, D.C. 20250.

The following article is the seventh in a series **Foreign Agriculture** *is running on principal items in the farm trade of Middle East and African nations important to American agriculture.*

Highlights of the Agricultural Trade of Turkey

By MICHAEL E. KURTZIG
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Agricultural products are the mainstay of the Turkish export market—comprising approximately four-fifths of Turkey's exports. Between 1963 and 1968, Turkey's agricultural exports grew at an annual rate of about 6 percent. In 1968 because of smaller exports of tobacco, nuts, and olive oil, total exports dropped by 7 percent. Cotton and tobacco dominate the Turkish export trade and should continue to do so. However, fresh fruit and vegetable exports should increase.

Tobacco was Turkey's leading export until 1965; since then cotton has been No. 1. The United States has been Turkey's major tobacco customer, consistently taking approximately three-fifths of the crop by value.

During 1966, 1967, and 1968, the United States accounted for approximately 17 percent of Turkey's total exports, at an annual value of around $80 million. Besides tobacco, the United States imports filberts, some preserved fruits, dried figs, spices, sheep skin (without wool) and some cotton linters.

In 1968, West Germany replaced the United States as the

MAJOR AGRICULTURAL IMPORTS OF TURKEY

Commodity and principal source	Average 1960-62	1966	1967	1968
	1,000 dollars	*1,000 dollars*	*1,000 dollars*	*1,000 dollars*
Grains and preparations	42,526	18,985	1,957	1,776
Wheat	41,577	17,376	1,954	1,651
United States	40,802	17,376	1,939	1,651
Rice	—	1,609	—	—
United States	—	1,554	—	—
Coffee, cocoa, and spices	1,238	2,239	1,524	2,837
Coffee	936	2,025	701	1,661
Brazil	734	2,025	—	1,014
Cocoa	301	—	823	950
Hides and skins	3,073	4,973	5,377	2,646
Hides, cattle	—	4,236	3,899	2,329
United States	2,207	4,159	3,727	1,008
Rubber	—	—	8,000	7,525
United States	—	—	4,939	4,334
United Kingdom	—	—	1,310	2,000
Natural fibers	16,681	13,108	11,654	9,958
Wool and animal hair	16,641	12,938	11,233	9,785
Australia	8,634	8,808	7,822	5,535
United Kingdom	4,271	2,544	2,112	2,088
Crude animal and vegetable material	—	501	1,424	1,295
Animal and vegetable fats and oils	7,471	5,664	2,186	1,288
United States	—	5,659	2,140	1,189
Vegetable oil	4,823	10,212	1,294	252
Soybean oil	—	2,865	—	182
United States	—	2,380	—	—
Other agricultural imports	4,525	2,644	3,160	646
Total agricultural imports	80,301	58,326	36,576	28,223
Total imports	533,152	724,581	690,800	770,451

Source: *Turkish Foreign Trade Statistics.*

MAJOR AGRICULTURAL EXPORTS FROM TURKEY

Commodity and destination	Average 1960-62	1966	1967	1968
	1,000 dollars	*1,000 dollars*	*1,000 dollars*	*1,000 dollars*
Live animals	13,476	10,146	9,125	10,664
Cattle, sheep, and goats	13,396	10,098	9,038	10,655
Lebanon	11,206	5,517	6,462	2,099
USSR	944	2,168	—	—
Fruits and vegetables	86,577	103,507	137,987	133,198
Fruits and nuts	80,193	96,601	131,168	126,034
Oranges and tangerines	[1] 2,141	2,971	3,422	4,667
West Germany	[1] 651	775	756	1,196
Austria	—	682	1,127	1,603
Other citrus	714	2,390	3,168	3,924
West Germany	—	983	1,187	1,032
Edible nuts, fresh and dried	52,078	60,854	91,022	83,522
West Germany	20,564	24,464	42,527	40,760
USSR	167	7,813	12,640	14,405
United States	3,869	2,393	7,652	7,481
Figs, dried	5,819	6,550	7,234	6,951
France	1,670	2,097	2,162	2,034
West Germany	969	1,145	1,329	1,259
Raisins	19,106	22,064	22,683	22,805
United Kingdom	5,665	6,267	4,646	4,795
USSR	—	3,605	5,645	4,817
Vegetables	6,384	6,906	6,819	7,164
Pulses, dried	6,152	6,188	4,073	4,818
Lebanon	2,401	1,782	910	1,945
Italy	636	1,095	633	756
Sugar and preparations	14,997	8,119	7,770	2,267
Sugar, refined	13,700	6,902	6,238	1,453
Israel	3,764	4,228	1,944	—
Iraq	—	2,547	2,824	—
Feeding stuff for animals	10,685	20,935	25,382	20,272
Oilseed cake and meal	9,423	19,825	23,430	19,789
Switzerland	277	2,158	4,143	5,400
Denmark	4,172	4,719	8,014	5,393
West Germany	554	731	2,326	1,920
Tobacco, unmanufactured	82,913	107,555	117,962	94,805
United States	47,370	63,289	75,237	53,242
West Germany	9,562	13,264	8,893	13,476
Hides and skins	6,300	7,613	5,359	5,698
United States	1,277	1,372	1,385	1,463
Lebanon	402	1,248	274	358
Natural fibers	69,753	137,925	140,341	148,045
Wool and mohair	11,070	8,403	8,926	8,924
USSR	1,579	2,208	4,380	3,542
United Kingdom	6,025	1,703	1,202	1,026
France	963	882	289	—
Cotton	55,398	128,501	128,537	136,114
United Kingdom	7,099	25,216	16,422	16,422
Italy	16,831	16,105	15,972	10,486
West Germany	13,124	16,031	18,393	14,022
Switzerland	1,732	11,065	16,853	15,644
Other agricultural exports	9,157	19,388	24,723	18,554
Total agricultural exports	300,606	415,188	468,649	433,503
Nonagricultural exports	48,856	75,271	53,651	63,315
Total exports	349,462	490,459	522,300	496,818

[1] 1960.

Source: *Turkish Foreign Trade Statistics.*

principal market for Turkey's exports—total and agricultural. In that year, West Germany imported a total of $86 million, a little more than 17 percent of total Turkish exports. The United States imported a little more than $72 million, slightly less than 15 percent. The major part of both countries' imports from Turkey is comprised of agricultural products. The six European Community countries took about one-third of all of Turkey's exports.

The U.S. share of the total Turkish import market has continuously declined. In 1966, the share was 24 percent; in 1967, it was 18 percent; and in 1968, it was 16 percent. Much of the decline can be attributed to a lower level of U.S. assistance under Public Law 480, although commercial sales have also declined. West Germany has replaced the United States as the principal exporter to Turkey.

The biggest U.S. export to Turkey, principally under P.L. 480, has been wheat. However, in 1967—because of the record Turkish wheat crop—imports of wheat were small. But then, because of the lower wheat crop in 1968, 300,000 tons of wheat were programed and shipped in late 1968 and early 1969. For 1969-70, half a million tons have been programed and are being shipped. This increase in Turkish wheat requirements will raise the U.S. share of the Turkish import market.

The Turkish economy continues to grow at a rate of approximately 7 percent a year, as prescribed by the Second Five Year Plan, 1968-72. Agriculture is the principal economic activity, providing employment to some 70 percent of the working population. However, this sector of the economy grows at a rate of only about 4.1 percent annually and contributes only about one-third to the gross domestic product.

Of Turkey's total agricultural output, cereals contribute about one-third of the value, industrial crops such as cotton and tobacco contribute approximately one-fifth, and livestock contributes a little more than one-quarter.

Innovations have recently been made in Turkey's agriculture. New farming practices have emerged and new techniques are being applied. The introduction of Mexican varieties of wheat has resulted in the implementation of new farming methods and techniques such as increased use of fertilizer, irrigation facilities, and other inputs. In 1969, the new Mexican wheat varieties were planted on about 8 percent of the total wheat area and accounted for nearly one-quarter of total inputs.

The Second Five Year Plan places a priority on the export of fresh fruits and vegetables—tomatoes, other fresh vegetables, peaches, apples, grapes, and large quantities of citrus fruits, especially tangerines and oranges. Efforts at increasing the production of these products are meeting with success. According to the plan, 400 refrigerated trucks, 10 packinghouses, 30 cold storage warehouses, and other equipment will be required in order to increase these exports. The major market for these products is expected to be the EC, of which Turkey is an associate member. However, this increased production may encourage the development of other new markets, as well as the improvement of marketing and distribution facilities within Turkey.

Australian Oil Duties

The Australian Minister for Trade and Industry has announced that temporary additional duties are to be put on some types of imported vegetable oils. These duties are to be on a sliding scale basis and will be equal to the amount by which the f.o.b. price of the imported oil is less than A$1.00 per gallon. This will be in addition to normal duties and will apply to peanut, soybean, rapeseed, linseed, sunflowerseed, safflowerseed, cottonseed, and corn oil. This temporary duty will not operate where the f.o.b. price is more than A$1.00 per gallon.

Australian farmers requested this protection as an incentive for changing from wheat to oilseed production.

After the announcement of the temporary duties oilseed growers stated that they plan to approach the Commonwealth Government for a cost survey on the edible oil industry; they believe that such a survey is necessary to establish precise costs for a 1970 Tariff Board inquiry into the oil industry protection.

The president of the New South Wales Oil Seed Growers' Association is quoted as saying that the $1.00 per gallon base is 5 cents per gallon less than his group requested. He was also quoted as saying that should the Bureau of Agricultural Economics be unable to complete the survey in the time available, a private costing team should be appointed by the Commonwealth Government. He said that for "real lasting protection" the Tariff Board needs to be told the cost of production in the next 6 to 8 months.

—Based on a dispatch from the *Office of the U.S. Agricultural Attaché, Canberra*

U.K. Margarine, Fat Prices Up

The edible fats subsidiary of the United Kingdom's giant Unilever group announced recently that the prices of most of its margarine and compound cooking fats will go up appreciably forthwith. The company attributes the price rises —which amount to as much as 19 percent—to the increasing cost of raw material, particularly fish oils.

The leading compound cooking fat made by the company is to go up from U.S. $.32 per pound to $.38 per pound, and the better quality margarines are to go up by $.04 per pound. Cheaper brands of margarine and cooking fat are to be increased by $.02 per pound.

Since Unilever is so important in the margarine and compound fat market in the United Kingdom, the price rises could have significant effects upon basic fat consumption patterns. One effect could be a further diminution of margarine's share of the spreading fats market. Margarine consumption per head in the United Kingdom has been declining steadily ever since the end of rationing in the early 1950's. Between 1965 and 1968 margarine consumption per head fell from 12.0 pounds to 11.3 pounds. Meanwhile, for some time butter consumption has remained fairly constant at around 20 pounds per head per year. Another result of the price changes could be increased use of lard as cooking and baking fat.

Butter prices continue relatively low and steady. The basic price of New Zealand finest butter on the London Provision Exchange has been $36 per hundredweight (112 lb.) or $.32 per pound for a considerable time.

—Based on a dispatch from DAVID L. HUME *U.S. Agricultural Attaché, London*

"Pig Lifts" Transport U.S. Purebreds To Farms in Cyprus and Vietnam

With the recent arrivals of U.S. purebred swine via "pig lift," Cyprus and Vietnam were added to the growing list of countries importing U.S. breeding stock to build up their own swine industries.

The January 2 flight of 11 pigs to Cyprus marked the first time that any U.S. breeding swine had been imported into that country. The Virginia Department of Agriculture, the Virginia Swine Breeders Association, the USDA, and the office of the U.S. Agricultural Attaché in Tel Aviv cooperated in arranging the historic flight. The travelers, which came from farms in Virginia and North Carolina, represented 10 different blood lines of the Black Poland China breed and are reported to be the finest quality the Virginia Swine Producers Association has ever shipped overseas.

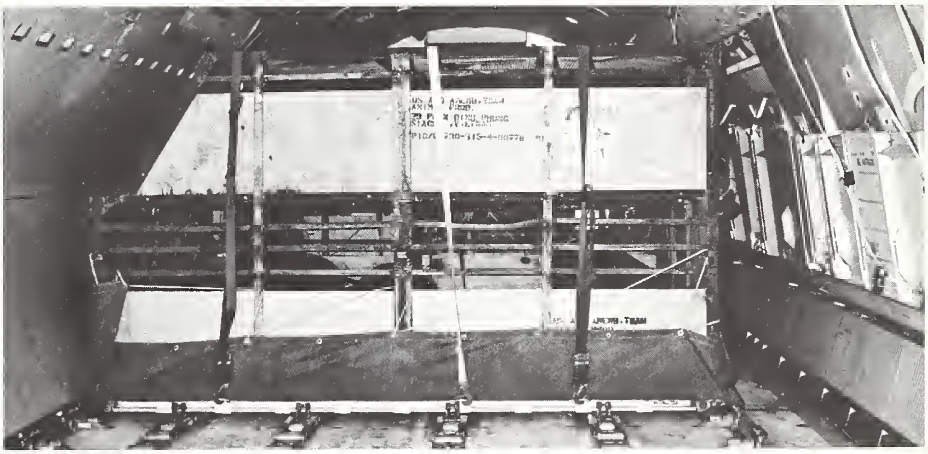
South Vietnam's livestock industry received a major boost last November with the arrival of an AID flight of 500 U.S. purebred pigs.

The animals were supplied by the American Livestock Producers International and transported from Oakland, Calif., to Saigon via a mass airlift arranged by Globus Aviation Services, Inc., of Washington, D.C.

A veterinarian and a Saigon project officer accompanied the animals and USDA animal health inspectors conducted checkups both before and after the 22-hour flight.

The travelers spent their flight time in specially designed jet cabin pens equipped with continuously operating cooling fans and temperature control units which recorded the animals' temperatures throughout the flight.

The pigs are reportedly thriving in their new environment and are being used for breeding purposes on some 90 South Vietnamese farms.



Right, a reluctant pig is coaxed into one of the 13 double-decker "flying pig pens" used for the Vietnam flight. Below, an on-board view of a palletized pen and its Asian-bound occupants.

FAS Launches Experimental Export Incentive Program

In an effort to stimulate U.S. agricultural exports, the Foreign Agricultural Service (FAS) of the USDA has launched an experimental "export incentive program" for prunes in three West European countries and for almonds in Japan.

The unique feature of this program is that the amount of U.S. market development funds made available is tied directly to the volume of product sales in the designated country.

Six contracts have been signed for a 3-year period with sales targets set at $28 million. Sunsweet Growers, Inc., has three contracts for the expansion of sales of packaged prunes in West Germany, Sweden, and the United Kingdom and one contract for the introduction of prune juice in West Germany. California Almond Growers Exchange and Rio Del Mar Foods, Inc., have signed contracts to market almonds and almond products in Japan. Several additional proposals are under consideration, but at this time the applications are incomplete.

For the introduction of a product new to the market FAS will reimburse the exporter for one-half of his promotional expenditures in an amount not to exceed 6 percent of the value of exports for the year plus 15 percent of his increase in sales over the previous year. Payments for market expansion of known products will also be one-half of promotional expenses but not to exceed 2 percent of the sales and 5 percent of the growth.

Furthermore, the contractor must spend at least as much as he did for promotion in prior years before becoming eligible for reimbursement from FAS.

In addition he agrees that all labels and advertising will prominently display the U.S. origin of the product. The exporter has a fairly wide degree of discretion in selecting the type of promotion that will best suit his particular product. This freedom will enable him to make alterations quickly as the various marketing factors change.

The initial program, in which all exporters of the two commodities were invited to participate, is limited in scope and products in order to give FAS and the exporters an opportunity to work out the practical and administrative problems which can be expected to crop up.

CROPS AND MARKETS SHORTS

U.S. Trade in Livestock and Meat

During November the value of livestock and meat product exports was $50.9 million, 17 percent greater than in 1968 because of increased lard shipments to the United Kingdom. The value of livestock and meat product imports, while greater than the value of exports, was down 14 percent.

While the quantity of livestock and meat product exports for November was below year-earlier levels for almost all classes, 1969 still promises to be a significant year since the value of exports for the first 11 months is running about $475 million, 23 percent higher than in 1968.

Total red meat imports were down 34 percent from November of 1968, primarily because of a 50-percent drop in imports of boneless beef. Of the hides and skins imports, only goat and kid and pig showed increases over 1968. Horses, asses, mules, and burros were the only live animal imports to decline from November 1968.

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	November 1968	November 1969	January-November 1968	January-November 1969
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	19,506	41,619	163,271	248,308
Tallow and greases:				
Inedible	163,683	140,500	2,009,162	1,732,007
Edible	2,754	940	10,443	12,337
Meats:				
Beef and veal	2,596	2,176	24,850	23,675
Pork	17,317	12,659	71,272	140,189
Lamb and mutton	349	47	1,804	1,359
Sausages:				
Canned	117	188	1,293	1,245
Except canned	242	124	2,653	3,232
Meat specialties:				
Canned	147	80	1,440	1,223
Frozen	123	85	1,662	2,281
Other canned	1,213	509	8,476	8,861
Total red meats [1]	22,099	15,870	113,441	182,076
Variety meats	25,812	23,631	201,418	215,107
Sausage casings:				
Hog	866	711	6,048	7,205
Other natural	375	317	3,591	3,596
Mohair	3,268	1,048	14,429	12,347
Hides and skins:				
Cattle parts	3,114	1,521	31,860	29,098
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,187	1,377	11,685	13,603
Calf	127	85	1,763	1,185
Kip	34	24	331	394
Sheep and lamb	396	349	3,701	3,576
Horse	8	8	71	57
Goat and kid	12	6	216	314
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle and calves	2,325	3,509	33,092	34,704
Sheep, lambs, and goats	5,243	782	113,356	104,533
Hogs	1,356	3,018	12,435	17,260
Horses, asses, mules, and burros	1,769	918	13,857	10,648

[1] May not add due to rounding. Bureau of the Census.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	November 1968	November 1969	January-November 1968	January-November 1969
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Bone-in beef:				
Frozen	746	599	9,259	7,278
Fresh and chilled	996	1,290	16,721	9,805
Boneless beef	89,165	43,872	859,776	923,339
Cuts (prepared)	133	380	1,304	1,770
Veal	1,567	3,669	17,883	22,668
Canned beef:				
Corned	9,292	8,414	86,138	86,876
Other, incl. sausage	1,760	2,049	14,061	21,200
Prepared—preserved	5,397	3,948	64,253	60,492
Total beef and veal [1]	109,055	64,218	1,069,390	1,133,425
Pork:				
Fresh and frozen	3,319	2,998	45,315	39,974
Canned:				
Hams and shoulders	18,592	17,653	208,449	213,177
Other	3,097	1,786	36,920	26,733
Cured:				
Hams and shoulders	202	101	2,000	1,848
Other	278	444	3,706	3,583
Sausage	211	417	2,191	3,325
Total pork [1]	25,700	23,398	298,581	288,638
Mutton and goat	3,338	1,990	61,752	51,657
Lamb	5,270	4,502	19,855	41,331
Other sausage	792	664	6,891	7,808
Other meats	1,045	1,375	11,127	12,065
Total red meats [1]	145,201	96,145	1,467,605	1,534,925
Variety meats	372	966	3,523	4,765
Meat extract	289	47	867	810
Wool (clean basis):				
Dutiable	7,394	8,164	119,355	84,330
Duty-free	9,021	9,344	111,982	88,474
Total wool [1]	16,414	17,506	231,334	172,801
Animal hair	493	328	7,100	5,180
Hides and skins:	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	48	18	456	265
Calf	48	17	455	319
Kip	35	28	264	315
Buffalo	27	17	460	404
Sheep and lamb	914	348	30,163	20,095
Goat and kid	369	508	4,930	4,816
Horse	28	17	244	182
Pig	55	61	712	647
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle [2]	150,936	188,050	843,304	804,027
Sheep	4,966	8,869	26,077	22,708
Hogs	987	1,941	20,864	11,608
Horses, asses, mules and burros	435	331	3,362	3,177

[1] May not add due to rounding. [2] Includes cattle for breeding. U.S. Department of Commerce, Bureau of the Census.

Meat Imports Down in November

November imports of meat subject to the Meat Import Law totaled 51.4 million pounds, down 46.3 percent from

November 1968. Total imports subject to the Law for the January-November period reached 1,014.7 million pounds, up 5.1 percent from 1968.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW
[P.L. 88-482]

Imports	November	January-November
	Million pounds	*Million pounds*
1969		
Subject to Meat Import Law [1]	51.4	[2] 1,014.7
Total beef and veal [3]	64.2	1,133.4
Total red meat [4]	96.1	1,534.9
1968		
Subject to Meat Import Law [1]	95.8	965.4
Total beef and veal [3]	109.1	1,069.4
Total red meat [4]	145.2	1,467.6
1967		
Subject to Meat Import Law [1]	82.3	822.5
Total beef and veal [3]	88.9	902.0
Total red meat [4]	121.0	1,255.6

[1] Fresh, chilled, and frozen beef, veal, mutton, and goat meat. [2] Rejections occur after entry is made and are included in the published census figures. [3] All forms, including canned and preserved. [4] Total beef, veal, pork, lamb, mutton, and goat.

Weekly Rotterdam Grain Price Report

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	January 20	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per. bu.*
Wheat:			
Canadian No. 2 Manitoba	2.00	+5	2.04
USSR SKS-14	1.78	0	1.95
Australian Prime Hard	[1]	[1]	[1]
U.S. No. 2 Dark Northern Spring:			
14 percent	1.90	+2	1.88
15 percent	1.96	+2	1.95
U.S. No. 2 Hard Winter:			
13.5 percent	1.76	+3	1.85
Argentine	1.75	+2	1.78
U.S. No. 2 Soft Red Winter	1.65	+7	1.75
Feed grains:			
U.S. No. 3 Yellow corn	1.51	+3	1.40
Argentine Plate corn	1.49	+3	1.48
U.S. No. 2 sorghum	1.47	0	1.36
Argentine-Granifero	1.25	−13	1.26
Soybeans:			
U.S. No. 2 Yellow	2.96	+11	2.90

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Lower Cocoa Bean Grind in 1969

High cocoa prices and short supplies—a result of 4 consecutive years of world consumption exceeding production—have lowered cocoa bean grindings in many major consuming nations in 1969.

Grindings in the United States—the world's largest cocoa consumer—for the fourth quarter of 1969 amounted to 152.5 million pounds, down 6.5 percent from the corresponding period in 1968. The total U.S. grind in 1969 was 591.9 million pounds, down 7.6 percent from the 1968 level of 640.9 million pounds.

West Germany's fourth-quarter grind fell 12.7 percent from the same quarter in 1968. Total West German grindings in 1969 were down nearly 11 percent to about 124,000 metric tons (273.4 mil. lb.).

The grind in the United Kingdom also declined, that for the fourth quarter being 21,900 long tons compared with 23,300 tons for the last quarter of 1968. The total 1969 grind amounted to 90,900 tons (203.6 mil. lb.), compared with 91,500 tons in 1968.

Brazil's Pepper Sales Hot

Pepper exports from Brazil are expected to be at record levels in 1969. Foreign demand for Brazilian pepper has been strong because of tight world supplies owing to the failure of the Indonesian crop. Exports in 1968 totaled 21.4 million pounds valued at US$5.4 million; and shipments for the first 9 months of 1969 have been 20.6 million pounds valued at $5.4 million.

Foreign Agriculture on February 16, 1970, will present a full report on Brazil's pepper situation.

As recently as 1960-64, Brazilian pepper production averaged about 11 million pounds per year. By 1968 pepper output was up to 26 million pounds; but the 1969 production fell slightly to 22 million pounds because of heavy rains at the beginning of the growing season.

Brazil is an important supplier of pepper to the United States, and in 1968 furnished over 15 percent of U.S. pepper imports. The center of pepper trade in Brazil is the city of Belém because of its closeness to the major pepper-growing area in northern Pará.

Report on Iran's Cotton Sales

Total exports of cotton from Iran for the current year, which began March 21, 1969, are expected to be below last year's level even though exports during the first part of the year have been high. During the first 8 months of the current Iranian year, cotton exports have been a little over 140,000 bales (480 lb. net), or 48 percent greater than during the first 8 months of the previous year.

Most of the exported cotton went to the Soviet Union and East European countries. The USSR bought 78,000 bales, Rumania purchased 23,000 bales, Poland 18,000 bales, and West Germany 19,000 bales. Negotiations are underway between Japanese trade teams and Iranian cotton suppliers for Japanese purchase of 18,000 to 23,000 bales of Iranian cotton.

Iran's total cotton crop for the current year is estimated at 700,000 bales, or about 10,000 bales greater than last year's output. Some areas had unfavorable weather during the harvest, which decreased yields. But other areas, such as Fars and Khorasan, had ideal weather and increased acreage this year to more than offset reduced yields.

Crops and Markets Index

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Monetary Moves Should Aid Future World Trade

At the beginning of 1970 the International Monetary Fund (IMF) announced three actions which will have great impact on future world trade in agricultural and other products via an increase in international reserves. The actions are: The issuance of Special Drawing Rights (the so-called Paper Gold); an agreement to buy newly mined gold from South Africa; and a proposal for increasing member's quotas in the IMF.

These actions will have a salutary effect on international trade because they increase international liquidity and thus, in effect, make more money available to finance a larger volume of trade. Historically, one avenue of increase in reserves has been additional gold but, from the beginning of 1960 to the end of September 1969, world monetary holdings of gold increased by only 2 percent to $40,895 million, while world reserves of all types increased 108 percent to $235 billion. The creation of Special Drawing Rights is a method of increasing world reserves and easing the liquidity squeeze. The addition of newly mined gold to international reserves will also help in this regard, and may also increase the stability of the international monetary mechanism. An increased quota in the IMF gives a country a larger second line of reserves to support its balance of payments in case of need, and therefore encourages it to engage in a larger volume of international transactions, including trade.

Special Drawing Rights. On January 1, the 115 member IMF made an initial allocation of Special Drawing Rights equivalent to $3,414 million to 104 participants in the Fund's Special Drawing Account. The present allocation was made for the first year and will be followed by two additional allocations, one for $3 billion on January 1, 1971, and one for $3 billion on January 1, 1972.

The amount received by each participating country is figured as a percentage of the quota held by it in the IMF on the day before the allocation in question. The largest amount, $867 million, was allotted to the United States and the second highest amount $410 million, to the United Kingdom. Six other countries received individual allotments of over $100 million. The largest amount distributed to a less-developed country was the $126 million allocated to India. Amounts received by selected countries were Germany, $202 million; France, $165 million; Japan, $122 million; Mexico, $45 million; Canada, $124 million; Pakistan, $32 million; and Brazil, $59 million.

South African gold. The IMF's decision to buy South African gold is a clarification of the two-tier gold market set up in 1968, and will allow newly mined gold to again be added to international monetary reserves.

Under the IMF purchasing policy, South Africa may offer to sell gold to the Fund at $35 per ounce, less a charge of one-quarter of 1 percent when the market price falls to $35 per fine ounce or below; or, under certain conditions, it may sell gold to the Fund regardless of the price in the private market.

At the same time, South Africa intends to sell its current production of gold in an orderly manner in the private market to the full extent of current payment needs.

The Fund decided to purchase gold, within certain limits, from South Africa with the understanding that members generally do not intend to initiate gold purchases directly from that country. South Africa has stated that it intends to offer the Fund any gold it puts up for sale outside the private market.

Quota increases. Following the fifth general review of quotas in the Fund, the executive directors of the IMF submitted proposals in a report to the Board of Governors providing for increases in members' quotas beginning after October 30, 1970. If approved by the Board of Governors, total quotas in the Fund would increase 35 percent, rising from the current level of about $21,300 million to approximately $28,900 million.

Under the maximum amounts proposed, the U.S. quota would increase by 29.8 percent, from $5,160 million to $6,700 million. The 65.5-percent increase proposed for Japan would raise its quota from $725 million to $1,200 million and would be the largest increase for a developed country. Less developed countries receiving the largest increases are: Lebanon, a 522.2-percent increase—from $9 million to $56 million, and Libya, a 252.6-percent increase from $19 million to $67 million.

With certain exceptions, each member raising its quota must pay an increase in its subscription equal to the increase in quota. Twenty-five percent of the payment must be in gold and the balance in the member's currency.

The quota increases will enlarge the resources available to the IMF for, in effect, making loans to members with balance of payments problems. —By GEORGE R. KRUER
Foreign Development and Trade Division, ERS